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STABILIZING EMPLOYMENT IN A DIVERSIFIED SEASONAL INDUSTRY

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IT may be questioned whether there is the difference between the fundamentals of the problem of industrial management and the problem of political management that some of us think there is. Some of the experiments that are being worked out in industry, even if they seem unsuccessful for a time, must nevertheless rank as experiments in the management of men on a non-autocratic basis. I think that those experiments are going to prove of very great interest and very great value. The technique of democracy—how to manage ourselves as citizens—is not very different from the problem of how to manage ourselves as parts of a producing or distributing agency.

One element of this problem which can seldom be left untouched, is the factor of irregular employment. If workers are likely to be thrown out of employment at any time, you can hardly expect to obtain a very solid spirit of cooperation, you can not go very far in personnel work. The problem of regular employment is one of the many problems, as I see it, of this coordination of efforts of men. It is the root-problem of better industrial relations.

Ours is a specialty manufacturing business. The line is very well known as a whole, but probably it is not very well known that we manufacture jewelry boxes, although that was the original business, from which we went to such work as gummed labels, crêpe paper and through to the special jobs of printed shipping tags and printed baggage tags or checks which are sold to the railroads. These various classes of work offer a very wide range of problems. Most of our products resemble each other, but the problems involved in selling a railroad baggage check, a jewelry box, or supplies of crêpe paper are fundamentally different commercial problems.

While we have no such intensive seasonal difficulty as occurs in the clothing trade on account of the style factor or in building or in coal mining, we have a variety of less extreme cases of which our records will, I hope, prove of suggestive value. To all sorts of industries, our experience can teach at least one lesson, that in tackling the regularization problem, the word "cannot" must be tabooed. If the worst of their cases look more impossible than did our jewelry-box problem, at its first stages, I am much mistaken.

The typical jewelry store sells about 40% of its year's business in December and a bit better than 5% in each of the other eleven months. Their custom is, therefore, to place annual orders for boxes, most of which are made to specification. A small part of our manufacture is stock, but before the importance of regularized production was appreciated, even the orders for stock boxes were not made out until January. We used to wait until the business of the year was over and then take time to collect statistics and a reasonable amount of time in getting the stock orders to the factory, and if we did this by the middle of February, we considered ourselves very lucky. Then they had to be prepared and it was two weeks more before we could get the boxes for the workers to work on them.

To improve this situation we had to get our stock orders under way in December, making rough but safe approximations of quantities, approximations which were later refined. Then we began to convince the Selling Department that jewelers would be willing to consider their annual orders long before April, May and June. After five years of slow but steady progress, we were getting most of these orders placed in the first quarter and a few as early as December for the following year.

Let me dwell on this point for a minute. In tackling any of these complex problems in the field of management, I think it extremely wise for us to recognize that betterment is a process—that betterment can not be simply installed. We should recognize that it has got to start slowly, that it has got to grow. If it takes five years to tackle even such a simple matter as this regularization problem turned out to be, one should not be discouraged in the least if no result should be

visible in two years in any attempt to establish greater confidence between employers and employees.

It is well to dwell on another point here, and that is the possibility, the propriety, of social experiment. The statement has been made that the social problem is entirely different from any other scientific problem because one cannot perform experiments with it. I take issue with that. Social experiments are being performed every minute and they are just as definite as any chemical experiment ever performed in any laboratory. These experiments have been going on in the social field for thousands of years but we have not called them experiments—we have usually called them failures; and yet there is no experiment that is a failure. If you study it, you will learn something from it. We have experimented with great benefit. We have experimented and we have failed, but we have tried never to make a failure that would cost us anything. We tried to learn more from the failure than it cost us in money.

In spite of success in securing box orders well in advance, our die-printers—skilled workers—were relatively idle between November first and January fifteenth under ordinary conditions. Consequently we added to our lines of holiday cards some die-printed designs, not primarily for profit but to fill in this chink. We have taken other steps in this process of regularization and added items of such nature that they could be manufactured during an idle period on the idle equipment. Our holiday lines were at first principally for Christmas but in our efforts to smooth out the production curve without too much cost in inventory, we have put special development pressure on goods for other holidays and for the vacation season.

In other of our lines we have been able to increase the proportion of non-seasonal orders with long delivery time by making special selling drives, and throughout the plant we have scheduled our stock items and inter-departmental needs well in advance. This frequently means making a first approximation more than a year ahead of time. The placing of definite production orders can then be regulated to suit all the needs of any specific situation. Some are placed actually for the year; others for current production checked up from week to week.

Besides these methods of decreasing the pressure of seasonal

demands and evening out the inequalities, we meet seasonal employment by conforming ourselves somewhat to it. We balance the decrease of work in one department against the surplus of another. We transfer operatives much more freely than we used to, not at random of course, but with a view of training an operative into two or three lines which normally dovetail. We have found that this development of versatility makes considerable demands upon intelligence in planning, but when these demands are met the advantages are considerable. We do not lose as much in skill as we expected and what we do lose we believe to be made up by the development of intelligent interest and the reduction of the monotony factor.

The transfer is also valuable in retaining a high grade of employees. When we used to lay off for seasonal slackness, we never lost the worst employees. They were content to wait with their hands folded for us to open up again. But the best ones would not wait for anybody. They would go out and take care of themselves. They were the kind of employees who might some day develop into department heads. They were aggressive. When they were laid off for two weeks they found other jobs and we lost them.

Our regularization methods may be summarized as follows:

1. Long-range stock-goods planning.
2. Getting seasonal special orders early.
3. Adding stock items to supplement specials.
4. Developing lines for supplementary seasons.
5. Training operatives into supplementary jobs.

The working out of this problem has been increasingly satisfactory in its results. But just why should we have tackled it? The question is worth asking. For though the variety of effort put into its solution has paid us well in dollars (we have no question on that score), I can not assert that it paid better than an equal effort spent in some other direction, say for example, in expansion of the business.

But against the financial gain of some project of expansion, there must be balanced the cost of the new strains expansion might set up in our organization; for larger structures need stronger ties; weaknesses unnoticeable in small organizations are fatal to the larger.

No competent marine engineer would design some larger ship

without re-analysis of the stresses to be met by every part and no competent manager should allow his optimism, his energy or ambition to excuse insufficient attention to the essential fitness of his organization. I think that is a timely lesson for American business today. Growth is desirable but to grow beyond the strength of the organization is dangerous.

If our experience in this respect is typical, growth will be more rapid when more attention is given to improvement of structure and coordination of effort and less is given to expansion. The degree of progress we have made in regularization by retaining and inviting better workmanship, has given strength to our organization which has made growth natural.

I think it is significant that the program for this meeting includes subjects such as Personnel Work, Employees' Advisory Committees, the Open Book Policy, and Unemployment Insurance, all of them measures intended to strengthen and to make more reasonable and effective the joining together of men's efforts in organization.

Almost every week some sort of national or local association, some corporation or individual, is devoting time to the examination of these subjects or to similar social devices such as Hiring, Promotion, Suggestion Systems, Shop Training, Job Analysis, Thrift and Stock Ownership. Dozens of men are spending themselves in the revolt against the false gods of "Bluff" and "Hunch," as devotedly as Robert Boyle fought the alchemists and their prostitution of the science of chemistry to the search for gold.

Their comparisons of experience in the field of industrial relations; their dispassionate surveying of the influences affecting the lives of millions; their daring questioning of cherished prejudices, give us hope for orderly progress in the production and distribution of the material things of life. There is taking form under our eyes a great Profession, the service of which demands analysis of forces, comparison of cases, condensed symbolization, impersonal deduction and inventive synthesis—the Applied Science of Management—the Profession of Social Engineering.